

*Miss Goss  
my sec file*

**THE FLOOR DEPARTMENT  
MEMORANDUM**

May 9, 1968

Gene Rotberg stopped in to see me today. He said that he wanted to talk informally about the specialists' dealer record. He mentioned that specialist dealings in relation to the total volume now ran around 35% and, in shares, was greater than the total volume on the Exchange in 1959 and 1960. In view of that, he said he was concerned over the risk they were assuming; that he would have thought with the increased volume there would have been more matching of buy and sell orders, with the resulting decreased participation by specialists.

I told Mr. Rotberg that the ratio of participation by specialists in the week to which he had reference (April 1 - 5, 1968) followed the declaration by Mr. Johnson of his determination not to seek the nomination of President and of his unilateral action with respect to bombing in North Vietnam. In my judgment, peace was bullish insofar as the market was concerned; it caused a number of cancellations of open orders to sell, leaving gaps in the market which the specialist had to fill as a dealer. Accordingly, the specialist would have to participate more than what was normal. I further said that I did not expect the specialist dealer participation as a ratio to total volume would decrease on any volume increase.

In connection with our discussion on the subject, I mentioned that on some day 80% of all trades on the Exchange were of 100 and 200 share categories. Therefore, the increased volume in institutional participation did not have such an impact on the market that specialist dealings were not needed in the same ratio as before.

Mr. Rotberg said he was going to give the matter further thought. He also said his Economic Division had prepared similar data with respect to 100 and 200 share lots; that it had been done manually; and that he was wondering whether the Exchange had any program for obtaining such data. I told him that I was not aware at the moment as to how the data I had was prepared. He said Fred Siesel would call me to discuss it with me. He thought if the Exchange had it and the SEC desired it, it would save them a lot of time and effort if the Exchange gave the information to them.

*J. W. O'Reilly*  
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